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France

Agricultural Situation

Impact of Drought on 2003 French Agricultural Production

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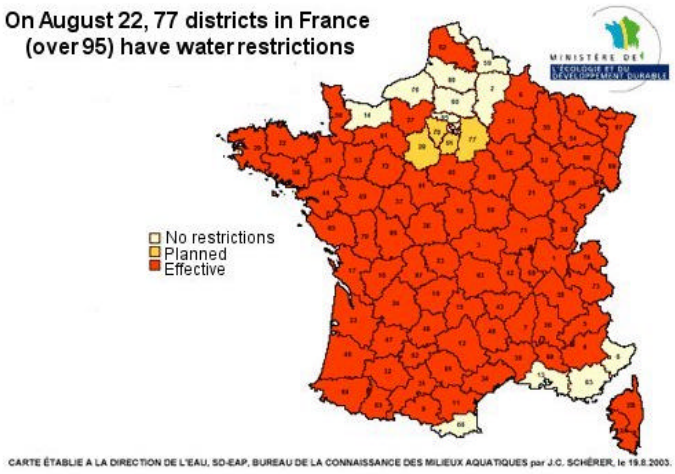
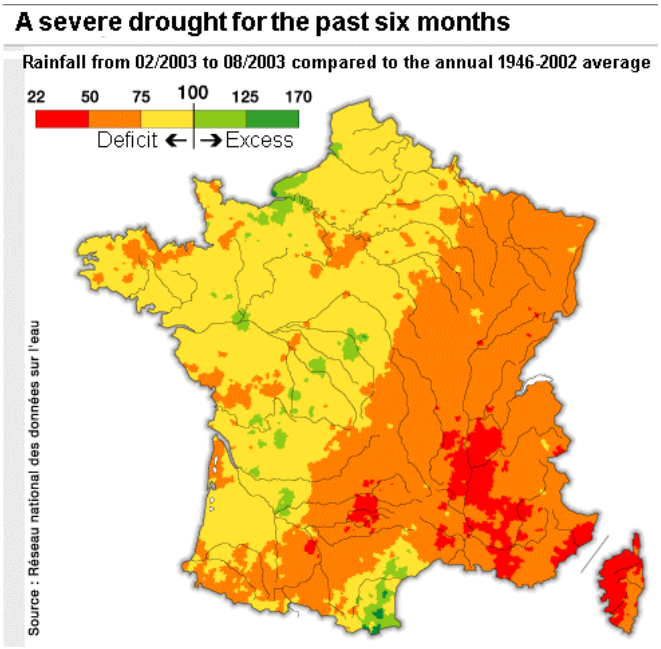
Report Highlights:
At present, indications are that France's corn crop will be the hardest hit by the recent drought and heat wave. Corn production is estimated to be down by 27 percent from 2002 due to low yields and a sharp increase in the silage cut. Cattle and dairy farmers are facing a severe shortage of feed. Milk production is down and some farmers are being forced to sell their beef cattle earlier than expected. In addition, wheat production for 2003 is estimated to drop by 20 percent from 2002, however, quality is expected to be high. Meanwhile, French rapeseed production has not been significantly affected by the drought.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1]
[FR]





Crops:

Wheat:
The MY 2003/2004 soft wheat crop is estimated at 30 million MT, down 20 percent from the previous MY, and 15 percent below the 1998/2002 average. Wheat harvested in the northwestern part of France had average or slightly below average yields, while wheat harvested in other parts of the country had significantly lower yields. On the other hand, the overall quality of the crop is reported to be very good with an average protein content of 12 percent and a specific weight of 76 to 80 kg per hectoliters.

Barley:
The barley crop is now estimated at 10 million MT, down 8 percent from the previous MY but within the 1998/2002 average range. The decrease in production was lower than originally expected despite winter frost losses, which were overcome by large spring plantings. The quality of malting barley is good but heterogeneous, which will force cooperatives and traders to blend lots to achieve average quality.

Corn:
FAS Paris estimates the MY 2003/2004 corn crop at 11.7 million MT, below French MinAg estimates at 12.3 million MT, and down from 16 million MT at the beginning of July 2003. In addition to extremely poor yields (7.1 MT per hectares versus 9.1 MT per HA in 2002/2003) due to the drought, this sharp decrease in production is also caused by a 140,000 hectare drop in area harvested for grain corn, as livestock farmers, short on forage and fodders, harvested their grain corn as silage corn.

Durum:
The durum crop is estimated at 1.4 million MT, down 12 percent from the previous MY and 8 percent from the 1998/2002 average. On the other hand, the quality is excellent with average protein content above 13.5 percent, good specific weight and few pest problems, leaf stripe or other diseases.

Rapeseed: The 2003 rapeseed production estimate is 3.2 million MT, with average yields of 3 MT/ha (down from 3.38 million MT and 3.2 MT/ha in 2002). Rapeseed planted in northwestern and central France, which did not face a rain deficit (as indicated in the map above), had record yields while regions facing a strong rain deficit had significantly lower yields than average. Overall, 2003 is estimated to be an average year for rapeseed. All rapeseed has been harvested for 2003.

Sunflowerseed: The 2003 sunflowerseed production estimate is 1.4 million MT, with an average yield of 2 MT/ha (down from 1.5 million MT and 2.4 MT/ha in 2002). To date, only early varieties have been harvested with yields higher than average (2.1 MT/ha), as they suffered less from the summer drought. Late varieties are expected to have lower yields, as drought reduced seed weight. Also, the 2003 drought is expected to reduce the oil content of sun seeds.

Soybeans: The 2003 soybean production estimate is expected to be 180,000 MT, with average yields at 2.3 MT/ha (down from 210,000 MT and 2.7 MT/ha in 2002). Non-irrigated soybeans were devastated by drought, but they represent only 15 percent of the total soybean area.

Fruits and Vegetables:

Prunes: French prune production is expected to increase by 9% to 50,000 – 52,000 MT in 2003 from 45,979 MT in 2002. Most prune orchards are irrigated and also benefited from storm rains in June and July. Consequently, prune production has not suffered from this year's drought. Also, the quality of French prunes is likely to be high in 2003, due to their high sugar content boosted by the warm dry weather.

Sweet corn: Sweet corn is currently being harvested in France or 2 weeks earlier than normal due to the hot weather of the past few months. Losses due to drought are estimated at roughly 10% of the production potential. Note: French canned sweet corn production amounted to 285,100 MT in 2002. Losses in sweet corn are limited compared to corn grown for grains and silage because in the southwest of France (largest producing area), irrigation was allowed on sweet corn fields by local authorities, while it was restricted on fields of grain and silage corn.

Tomatoes: Most of the French tomato production is grown under greenhouses and is irrigated. Therefore, production has not been affected by drought as much as production in open fields. Production losses should not exceed 2-5%.

Walnuts: The 2003 walnut production estimate is expected to be 32,000 MT, down 4% from 33,300 MT in 2002. The lack of rain is expected to lower the average grade of walnuts for the year.

Apples:
The apple crop is now estimated at 1.78 million MT, down 13 percent from the 2002 crop. The 2003 harvest is suffering from a late frost in April that damaged flowering trees and drought impacted fruit growth. The average apple size will be significantly lower this year. Moreover, the lower thermal amplitude between day and night has impacted negatively on the color and texture of the fruit. Summer apples such as gala are the most affected with smaller, softer fruit. French apple exports are likely to be negatively impacted in MY 2002/2003.

Dairy, Livestock and Poultry:

Dairy: French milk production is currently under its production quota, due to drought. The drop in milk production was particularly marked in summer: June 2003 milk production was 1.2 percent lower than in June 2002, July 2003 production was down 3 percent, and August 2003 production was down 4 percent. French dairy producing regions have been differently affected by the drought: while Northwestern regions (Picardie, Normandy and Brittany) had enough rain to supply grass to dairy cows, central, southern and eastern regions suffered from drought, resulting in very dry grassland. In these regions, dairy farmers are feeding their animals with hay that is normally used in winter.

Dairy prices are currently low, due to the low domestic consumption of dairy products during the warm weather, and also due to the anticipation of some operators of the reformed dairy CAP that schedules reduced prices. However, export demand from some countries is holding up prices for some products. Milk powder demand from North African countries is currently increasing, as dairy consumption in these countries is higher during Ramadan, which will start in October.

Cattle:
Beef production areas are among the most effected by the drought. Pastures are dry and farmers have started using their winter stock of fodders and forage. Farmers also had to purchase pricey hay and wheat and barley straw. It is still difficult to assess the impact on cattle stocks and slaughters, but one can expect some farmers, in order to get some cash to purchase feed and fodder, will be forced to sell part of their herd in the fall. The impact will be twofold: a reduction in beef stocks this year and calf crop the following years, and a slump in wholesale beef prices. A more precise official assessment of the drought is to be done within a month.

Poultry:
The drought and heat's impact on poultry flocks is dramatic, with a loss of more than 5 million birds. However, the impact on chicken production per se will be somehow limited, probably less than a 5,000 MT dip in the 985,000 MT production estimate. One can note that most of the poultry production is done in the western part of France where the heat and drought were not so intense. Farmers will be able to rapidly rebuild their flocks and resume production. The side impact is that it will increase production cost by a few cent per kilo, an increase worsened by the likely hike in poultry feed due to the short grain crop in France.

Pork:
The pork herds also paid a heavy toll to the heat, with several thousands sows and piglets dead. However, on a national basis, and for the same reason as for poultry, the impact on production will be somehow limited.